

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012

DOCKET No. N2012-1

**INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
NATIONAL NEWSPAPER ASSOCIATION WITNESS MAX HEATH
(USPS/NNA-T1-1 THROUGH 12)**

Pursuant to Rules 25 through 27 of the Postal Regulatory Commission's Rules of Practice and Procedure, the Postal Service respectfully submits the following interrogatories to National Newspaper Association Witness Max Heath (NNA-T-1).

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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USPS/NNA-T1-1. Please refer to your testimony on page 4, lines 12 through 14. You state, "As the nation's dialogue on the future of the Postal Service and the digital future continues, I find myself having to debunk two myths--that people no longer read newspapers, and that newspapers are now being read mostly online." Please identify specific persons or entities that have asserted either that "people no longer read newspapers" or that "newspapers are now being read mostly online."

USPS/NNA-T1-2. Please refer to your testimony on page 4, lines 17 through 22. You state, "For the past six years, NNA has conducted one national survey a year in conjunction with the RJ Reynolds Institute at the University of Missouri. Our researcher conducts a statistically valid survey of America's small towns, focusing on communities of 15,000 people or fewer. Each year, results demonstrate the same truth: people in smaller communities must have their newspapers." Please also refer to subsection (k) of Rule 31 of the Commission's Rules of Practice (39 C.F.R. § 3001.31).

- (A) Please provide all information required by Rule 31(k), including the following: a description of the study plan underpinning the survey described in your testimony, a clear description of the study design, all relevant assumptions underpinning the survey, the techniques or procedures used to compile the survey data, the definition of the universe under study, and the sampling frame and units.
- (B) If not provided in response to subpart (A) above, please provide the following: the date (month, day, and year) on which the survey began and the date (month, day, and year) on which the survey ended (*i.e.*, the survey period).
- (C) If not provided in response to subpart (A) above, please provide a complete copy of the survey, including all questions posed to survey participants, all instructions provided to survey participants, and complete copies of the individual survey responses received from participants. Names of specific individuals may be redacted.
- (D) If not provided in response to subpart (A) above, please provide the total number of persons who were provided with an opportunity to participate in the survey. Please also identify any criteria that were used to determine which persons would be provided with an opportunity to participate in the survey.
- (E) On what basis do you conclude that the survey is "statistically valid"?

USPS/NNA-T1-3. Please refer to your testimony on page 6, lines 3 through 5. You state, "Pew explained in its 'State of the News Media' report that although the newspaper industry at large is making mighty efforts to find a viable digital

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future, digital advertising dollars do not come close to making up the losses from print.” Please provide an internet link to a copy of the Pew report or file a PDF copy of the report as a library reference.

USPS/NNA-T1-4. Please refer to your testimony on page 6, lines 5 through 10. You state, “In 2011, industry print revenues overall were down by \$2.1 billion, while the rapidly growing digital ad market provided only \$207 million. I believe that these numbers are reports from the daily newspaper markets, and are substantially skewed toward data from public companies because information from privately held and community newspapers are almost impossible to aggregate.” Please provide any documents or other sources you relied upon in support of your claims that the figures set forth in the study are “substantially skewed toward data from public companies” and that “information from privately held and community newspapers are almost impossible to aggregate.”

USPS/NNA-T1-5. Please refer to your testimony on page 7, lines 6 through 10. You state, “NNA’s readership survey indicates that many readers of community newspapers in general receive their newspapers by home delivery. However, despite the soundness of the study otherwise, we do not rely on this number. We believe respondents may be interpreting ‘home delivery’ as ‘I get my newspaper at home,’ as opposed to the office or elsewhere.” Please also refer to subsection (k) of Rule 31 of the Commission’s Rules of Practice (39 C.F.R. § 3001.31).

- (A) Please confirm that the “readership survey” is the same as the survey referenced on page 4, lines 17 through 22, of your testimony. If you do not confirm, please provide, with respect to this “readership survey,” all information requested in USPS/NNA-T1-2 parts (A) through (D).
- (B) Please confirm that the term “soundness” is intended to express your opinion that the study is “statistically valid.” If not confirmed, please define the term “soundness” as you use it in your testimony.
- (C) On what basis do you conclude that the survey is “sound”?
- (D) Please state the basis for your belief that “respondents may be interpreting ‘home delivery’ as ‘I get my newspaper at home,’ as opposed to the office or elsewhere.”

USPS/NNA-T1-6. Please refer to your testimony on page 7, lines 11 through 17. You state, “NNA occasionally conducts informational surveys of our most active members for purposes of testing member interest in a variety of topics. Our most recent poll asked publishers what percentage of their newspapers was delivered by mail. The results ranged from 2% to 97%. These numbers are likely heavily driven by the type of community where the newspaper is published. The more suburban or ex-urban a newspaper is, the more likely it is to be picked up on

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newsstands. The more rural, the more likely to have mailed-to-home distribution.” Please also refer to subsection (k) of Rule 31 of the Commission’s Rules of Practice (39 C.F.R. § 3001.31).

- (A) Please provide all information required by Rule 31(k), including the following: a description of the study plan underpinning the survey described in your testimony, a clear description of the study design, all relevant assumptions underpinning the survey, the techniques or procedures used to compile the survey data, the definition of the universe under study, and the sampling frame and units.
- (B) If not provided in response to subpart (A) above, please provide the following: the date (month, day, and year) on which the survey began and the date (month, day, and year) on which the survey ended (i.e., the survey period).
- (C) If not provided in response to subpart (A) above, please provide a complete copy of the survey, including all questions posed to survey participants, all instructions provided to survey participants, and complete copies of the individual survey responses received from participants. Names of specific individuals may be redacted.
- (D) If not provided in response to subpart (A) above, please provide the total number of persons who were provided with an opportunity to participate in the survey. Please also identify any criteria that were used to determine which persons would be provided with an opportunity to participate in the survey.
- (E) Please define the term “community” as you use that term in your testimony. Please include in your explanation whether a “community” is defined by a city, ZIP Code, county, or other commonly understood concept.
- (F) Please define and explain the difference between the terms “suburban” and “ex-urban” as you use those terms in your testimony.
- (G) With respect newspapers that are published in rural communities, please provide the percentage of those newspapers that is distributed via the mail.
- (H) With respect newspapers that are published in suburban or ex-urban communities, please provide the percentage of those newspapers that is distributed via the mail.

USPS/NNA-T1-7. Please refer to your testimony on page 7, lines 17 through 18. You state, “[M]any of our small dailies still use private carrier forces.”

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- (A) Please confirm that the term “private carrier forces” refers to all persons or entities other than the Postal Service that deliver newspapers to homes or households. If not confirmed, please explain what you mean by the term “private carrier forces” and whether there are distributors other than “private carrier forces” and the Postal Service that deliver newspapers to homes or households.
- (B) Please confirm that the term “small dailies” refers to newspapers that are each published at least five days per week. If not confirmed, please explain what you mean by the term “small dailies.”
- (C) For each carrier listed in (i) through (iii) below, please provide the percentage of “small dailies” that use such carrier for the delivery of newspapers to homes or households.
- (i) The Postal Service.
 - (ii) “Private carrier forces.”
 - (iii) A person or entity other than the Postal Service or a private carrier.
- (D) With respect to the “small dailies” that use the Postal Service for the delivery of newspapers to homes or households, please provide:
- (i) the percentage of such newspapers that are published in rural communities; and
 - (ii) the percentage of such newspapers that are published in suburban or ex-urban communities.
- (E) With respect to the “small dailies” that use “private carrier forces” for the delivery of newspapers to homes or households, please provide:
- (i) the percentage of such newspapers that are published in rural communities; and
 - (ii) the percentage of such newspapers that are published in suburban or ex-urban communities.
- (F) With respect to the “small dailies” that use a person or entity other than the Postal Service or a “private carrier” for the delivery of newspapers to homes or households, please provide:
- (i) the percentage of such newspapers that are published in rural communities; and

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- (ii) the percentage of such newspapers that are published in suburban or ex-urban communities.
- (G) Are you aware of other types of “dailies” other than “small dailies”? If so, please describe the newspaper and identify the portions of your testimony that pertain to such newspapers.

USPS/NNA-T1-8. Please refer to your testimony on page 7, lines 18 through 23. You state, “The conversions we saw just 3-4 years ago to mail due to high gas prices on motor routes have largely ceased, as publishers are discouraged by the many uncertainties of postal rates, days of delivery and network changes. With gas prices even higher now than in 2008, I have to conclude that it is only the upheaval in the mailing world that is keeping these newspapers from flocking to the mail.”

- (A) Please identify and/or describe the persons or entities that constitute “publishers” as you use that term in the quoted portion of your testimony. Please include in your explanation whether the term “publishers” includes NNA members only and whether the term includes publishers of newspapers only. Please also state the total number of “publishers.”
- (B) Please confirm that the phrase “conversions...to mail” as you use it in your testimony refers to a publisher’s decision to change the carrier providing home/household delivery for some or all of its periodicals from an entity other than the Postal Service to the Postal Service. If not confirmed, please describe the phrase “conversions...to mail” as you use it in your testimony.
- (C) Please provide the number of publishers that were using the mail to distribute periodicals during the time immediately prior to the “conversions...to mail” referenced in this portion of your testimony. If the number of publishers is not known, please provide the percentage of the total number of publishers that were using the mail to distribute periodicals during the time immediately prior to the “conversions...to mail” referenced in this portion of your testimony.
- (D) Please provide:
 - i. the number of publishers that converted “to mail” during the time period discussed in your testimony (*i.e.*, “just 3-4 years ago”), or, if the number of publishers is not known, the percentage of the total number of publishers that converted “to mail” during the time period discussed in your testimony;

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- ii. the time period during which these conversions “to mail” took place (*i.e.*, the month and year the conversions began and the month and year the conversions ended); and
 - iii. all documents or other sources you relied upon in support of your statement that these conversions were “due to high gas prices on motor routes.”
- (E) Please provide:
- i. the number of publishers that converted “to mail” after the time period discussed in your testimony (*i.e.*, “just 3-4 years ago”) to the present, or if the number of publishers is not known, please provide the percentage of the total number of publishers that converted “to mail” after the time period discussed in your testimony to the present; and
 - ii. the time period during which these conversions took place.
- (F) Please provide all documents or other sources you relied upon in support of your statement that “gas prices” are “even higher now than in 2008.”
- (G) Please confirm that the phrase “days of delivery” as used in your testimony refers exclusively to the Postal Service’s proposal to transition from six-day delivery to five-day delivery. If you do not confirm, please explain what you mean by “days of delivery.”
- (H) Please confirm that the phrase “network changes” as used in your testimony refers exclusively to the Postal Service proposal in this docket. If you do not confirm, please explain what you mean by “network changes.”
- (I) Please define or describe the phrase “uncertainties of postal rates.” In so doing, discuss the frequency of change and the percentage increases (or decreases) in postal rates paid since 2007 by publishers who use the mail to distribute periodicals.
- (J) Please confirm that the phrase “upheaval in the mailing world” is referring exclusively to “uncertainties” with respect to (1) the “days of delivery,” (2) “network changes,” and (3) “postal rates” as you have used those terms and phrases in your testimony. If not confirmed, please define the phrase “upheaval in the mailing world.” In your definition, please identify which, if any, of the following items is encompassed by that definition: “uncertainties” with respect to (1) the “days of delivery,” (2) “network changes,” and/or (3) “postal rates.”

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- (K) Please provide any documents or records that you received from publishers that support your statement that “upheaval in the mailing world” is the “only” factor (or collection of factors) that is deterring a newspaper, that would otherwise use the Postal Service, from “flocking to the mail.”

USPS/NNA-T1-9. Please refer to your testimony on page 8, lines 1 through 7. You state, “For this mail, readers must receive it within 24-48 hours of printing for the information to be of any value to them. It is obvious that old news is not news. But when you consider the types of news readers need from newspapers--such as arts and cultural events--you can see why immediacy is critical. An announcement of a concert that arrives after the fact deprives the reader of an opportunity and an artist of an audience. The same sort of problem arises for grocery or other retail sales, voting news and any other time sensitive matter.”

- (A) Please explain whether “this mail” refers to “weekly” newspapers, “small daily” newspapers, or both? (See NNA-T-1, page 7, lines 25 through 26.)
- (B) Please confirm that mail containing an announcement of a concert or other cultural event, grocery or other retail sale, or election, would still have “value” to a reader even if it were received after 48 hours of printing, provided that it was received sometime prior to the event, sale, or election. If not confirmed, please explain why such mail would have no value.
- (C) Are you aware of any studies, polls, or surveys that quantify the extent to which mail that has been received more than 48 hours after printing has deprived readers of opportunities to attend or participate in a concert or other cultural event, grocery or other retail sale, or election? If so, please identify all such studies, polls, or surveys.

USPS/NNA-T1-10. Please refer to your testimony on page 8, lines 9 through 25, and page 9, lines 1 through 4. Please confirm that the Postal Service is not proposing any changes to the policies discussed on page 8, lines 15 through 25, and page 9, lines 1 through 4. If not confirmed, please identify the policy and the portion of the Postal Service’s request that proposes the change.

USPS/NNA-T1-11. Please refer to your testimony on page 8, lines 16 through 18. You state, “Verification requirements...have caused many newspapers to miss mailing deadlines because a misinformed business mail entry clerk does not understand that Periodicals are not verified every issue.”

- (A) Please identify the “verification requirements” discussed in this portion of your testimony.
- (B) For each instance in which a newspaper has missed a “deadline” due to the actions of a “misinformed business mail entry clerk,” please provide:

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- (i) the name of the mailer;
- (ii) the name of the business mail entry clerk;
- (iii) the date of the incident or transaction; and
- (iv) the location (*i.e.*, the name of the postal facility) where the incident took place.

USPS/NNA-T1-12. Please refer to your testimony on page 8, lines 19 through 20, where you discuss “[o]vernight entry refusals, to newspapers that have done overnight entry for a half century or more.” For each instance in which a newspaper that has performed overnight entry for a half century or more has been refused overnight entry, please provide:

- (A) the name of the mailer;
- (B) the name of the postal employee that refused overnight entry;
- (C) the date of the incident or transaction; and
- (D) the location (*i.e.*, the name of the postal facility) where the incident or transaction took place.